GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2793
ANSWERED ON:15.03.2001
PRODUCTION COST OF LPG IN REFINERIES
A. KRISHNASWAMY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the cost of production of 14 Kg LPG cylinder in different refineries and cost of filling of 14 Kg cylinder at the bottling plant;

(b) whether any effort has been made to reduce the operational cost of production of LPG;

(c) if so, the details thereof; and

(d) the difference in the cost of production of PSUs refineries and the refinery of Reliance as projected in their original proposal?

Answer

MINISTER OF STATE FOR PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a): Oil refining being a continuous process industry with multi-product output, it is not possible to quantify the product-wise cost of production. Most of the LPG bottling plants are owned and operated by the oil marketing companies.The average cost reimbursed to the oil marketing companies towards LPG filling charges have been Rs.14.98 per cylinder based on 1996-97 costs.

(b) & (c): The following steps have been taken to reduce the cost of domestic LPG:-

1. Effective 1-4-1998, cost plus compensation mechanism has been discontinued for refineries and since then, the refineries are being paid the import parity price.

2. Oil companies have taken measures to improve capacity utilization of LPG bottling plants.

3. With a view to reduce the transportation cost, new bottling plants have been set up in a dispersed manner.

4. To reduce LPG transportation cost, one LPG pipeline from Jamnagar to Loni (near Delhi) has been commissioned in January, 2001, besides another proposed pipeline from Vizag to Secundrabad.

(d): Does not arise in view of (a) above